



CABINET
DECISION NOTICE

Publication Date: 14th July, 2016

At a meeting of the Cabinet held on 12th July, 2016 the following matters were discussed. The decisions of Cabinet are set out below each item along with reasons for the decision and other options considered.

PRESENT: Councillor Oxby (in the Chair)
Councillors Chase, Hyldon-King, Patrick, Watson and Wheatley.

DN.13 **APOLOGIES FOR ABSENCE**

There was apologies received from Councillor James for this meeting.

DN.14 **DECLARATIONS OF INTEREST**

There were no declarations of interest in any items on the agenda for this meeting.

DN.15

UTILITIES – GAS FRAMEWORK PROVIDER

Cabinet considered a report from the Portfolio Holder for Energy and Environment to approve the pre-award of the gas contract, which is currently at tender stage.

RESOLVED – That the Chief Legal Officer and Monitoring Officer, in consultation with the Portfolio Holder for Energy and Environment, be granted delegated authority to sign the new gas framework supply contract on behalf of the Council.

REASONS FOR DECISION – Engie (and Ecova) were working on behalf of the Council to ensure the most economically advantageous gas supply framework was created. In compliance with OJEU procurement timescales. The tender report would be produced by Ecova by the 29th July 2016. Given the average annual cost of gas to the Council (c. £800k) the award of the new contract would be a key decision. To avoid any risk of a delay in the Cabinet timetable interfering with the tender award process, prior approval to award the contract as per the recommendations of the tender report provided by Ecova was being sought.

OTHER OPTIONS CONSIDERED – The option to change the current procurement timetable and amend in line with an available award cabinet date was considered, however this could result in delay and risks identified becoming realised.

DN.16

MERIDIAN SHOWGROUND

Cabinet considered a report from the Portfolio Holder for Safer Communities, Public Protection and the Visitor Economy on the management and operation of Meridian showground in Cleethorpes.

RESOLVED –

- 1) That the undertaking of a Preliminary Market Consultation with regard to the future delivery of the Meridian Showground in Cleethorpes be approved.**
- 2) That delegated authority for the following gateways be approved:**
 - Approval by the Director of Economy and Growth that the findings of the preliminary market consultation be**

sufficient and satisfactory in terms of the quantity and quality of information in order to progress the project;

- **Approval by the Chief Legal Officer and Monitoring Officer of the lease terms (if required); and,**
- **Approval by the Director of Economy and Growth to undertake a procurement exercise (if required).**

REASONS FOR DECISION – The decision allows the Council to undertake Preliminary Market Consultation in connection with the Meridian Showground in Cleethorpes. The information gathered during this consultation would be used to inform the options and opportunities for the future delivery of the Showground.

The decision also established a project management gateway process for progressing the project following the conclusion of the Preliminary Market Consultation.

The decision to agree the gateway approach as set out in this report means that Cabinet would receive a further report for approval on the final decision in relation to the future management and operation of Meridian Showground.

OTHER OPTIONS CONSIDERED – Do not conduct the preliminary market consultation. This would leave a gap in the analysis, and could result in either missed opportunities, or the wrong option being followed.

Officer Decision Record for approval to undertake the Preliminary Market Consultation, rather than seeking this from Cabinet. As this project could affect all wards the decision to approve the undertaking of the Preliminary Market Consultation sat with Cabinet, in line with the requirements of the Constitution.

DN.17

DISPOSAL OF PLOTS 17 & 18 SOUTH HUMBERSIDE INDUSTRIAL ESTATE

Cabinet considered a report from the Portfolio Holder for Finance, Resources and Inclusion on the disposal of the ground leases on Plot 17 & 18 South Humberside Industrial Estate.

RESOLVED –

- 1) **That the principal of a freehold disposal of the subject land holdings be agreed.**
- 2) **That the Director of Finance, in consultation with the Portfolio Holder for Finance, Resources and Inclusion, be delegated responsibility to ensure that all necessary actions be carried out in order to complete and approve the detailed terms of the disposal.**

3) That the Solicitor to the Council be authorised to complete all requisite legal documentation in relation to the matters outlined in resolution (1) above.

REASONS FOR DECISION - The Council were the freeholder of both sites and each premises were currently held by way of a lease to IFP Holdings Limited, the principal terms of those leases being defined in section 1.2 below. The tenant was seeking to assign their leasehold interest and an approach has been made by a Small Medium Enterprise (the "business") to take on both of these leasehold interests. A disposal would result in a capital receipt at market value, which would replace the current annual revenue income. Whilst a surrender and renewal of a long term lease would safe guard the rental stream for the Council, the agent acting on behalf of the proposed purchaser has already indicated that this is not an option and will make attracting funding difficult.

OTHER OPTIONS CONSIDERED – An alternative option would be to retain the revenue income and enter into Surrender and Renewal negotiations for a new 99 year lease on terms to be agreed which would safe guard the rental stream for the council, as the site does form part of an established industrial estate and therefore a freehold disposal would both remove an annual revenue income and a land holding interest currently with the council. There was two considerations why holding off from a freehold disposal should therefore not be discounted.

The reduction in the annual revenue income of £23,200 from the commercial estate. Whilst disposal of the freehold for both sites would see the benefits outlined in this report, but a do nothing was not considered a viable option as the council could be seen to frustrate the acquisition of the sites as a result of the remaining term of the current leases, which could result in the sites continuing to remain vacant and not contributing to the Economic sustainability or improvements to the Borough, it should also consider the recommendations from a commissioned commercial estate review which, if approved, would set the direction in which the council should consider when freehold disposals be appropriate versus retention and lease option. This option would defer any disposal to consider the recommendations from this report in order that they may factor in to any disposal.

The council was considering rationalisation of both its depot sites (at Doughty Road and Gilbey Road) to one fit for purpose site elsewhere in the Borough. Whilst the project was still within its infancy in respect to demand and therefore size/ location of a new depot site, the council should consider those site holdings where they was currently the freeholder as to whether sites would meet the potential deliverability. This option would defer any disposal whilst it was confirmed as to the recommendations from this major project.

DISPOSAL OF PROPERTY AT LESS THAN BEST CONSIDERATION
- LEASE OF 44 HENEAGE ROAD, GRIMSBY

Cabinet considered a report from the Portfolio Holder for Finance, Resources and Inclusion on the disposal of 44 Heneage Road, Grimsby at less than best consideration and to consider the lease of the land so that 44 Heneage Road, Grimsby can be brought back into effective use.

RESOLVED –

- 1) That NEL VCSE Alliance (“the Provider”) be granted a lease of the subject property for a term of 25 years at peppercorn rent (£1 per annum if demanded); and**
- 2) That the Director of Finance, in consultation with the Portfolio Holder for Finance, Resources and Inclusion and the Chief Legal Officer, be delegated responsibility to ensure that all necessary actions are carried out in order to complete and approve the detailed terms of the disposal;**
- 3) That the Chief Legal Officer be authorised to complete all requisite legal documentation in relation to the matters outlined in resolution (1) above.**

REASON FOR DECISION - The subject property at 44 Heneage Road was currently unused following the previous use as offices by the council. The property has been identified as part of a bid by the council, to Public Health England to create a recovery hub for people who have suffered from a history of substance misuse and was progressing towards positive lifestyles.

OTHER OPTIONS CONSIDERED – To do nothing was not considered a viable option as the council would remain wholly liable for the property together with all future associated expenditure and, more importantly, the project would not of had the opportunity to provide a much needed facility within available property. As this property was surplus to requirements, if this use was not progressed, then it would be considered for disposal on the open market.

The disposal was not considered appropriate at this time as there was a need to support the proposal with accommodation already in the ownership of the council. Should the property become vacant and unused in future, the council retains an element of control in respect to future action to prevent any unauthorised uses, and be in a position to progress a freehold disposal in future.